

## **EMERGING MARKETS PROGRAM CENTAL FUND PROPOSAL**

### **Full title of proposal:**

U.S. – Peru Agribusiness Trade and Investment Mission

### **Date of proposal submission: August 15, 2008**

### **Name of organization(s) submitting proposal:**

Trade and Scientific Capacity Building Division  
Office of Capacity Building and Development  
Foreign Agricultural Service  
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### **Target Markets:**

This activity will take place in Lima, Peru with approximately 100 participants and close coordination with the Office of Agricultural Affairs, U.S. Embassy/Lima and staff from FAS' Office of Country and Regional Affairs (OCRA) and Office of Trade Programs (OTP) program areas. Trade and investment is the primary focus of the mission but FAS will take advantage of the visit to discuss trade policy, political, economic and development issues.

### **Description of Problem:**

It is the goal of the United States Government (USG) to expand market access in Peru and support public/private partnerships in advancing U.S.-Peru bilateral trade. The U.S. Congress approved the Peru Trade Promotion Agreement (Peru TPA) in November and December 2007; the agreement was signed by President Garcia and President Bush in December 2007. The Agreement will help foster economic growth, improve living standards, and create higher paying jobs in the United States and in Peru by reducing and eliminating barriers to trade and investment. The Agreement will create improved market opportunities for U.S. agricultural products, as well as other goods and services.

### **Project Objectives:**

The objectives of this mission are to promote joint ventures, support bilateral trade and boost investment in Peru's rapidly expanding agricultural sector. The mission will improve U.S. agribusiness ties with Peru through establishing direct trade relations between U.S. producers,

investors, processors, buyers and Peruvian buyers and producers. The product focus of this mission is broad based: horticultural products, biofuels, livestock genetics, food processing, seafood, aquaculture, beverages, forestry products and storage facilities.

**Technical Support:**

FAS/OCBD will develop the program in coordination with FAS/OCRA, FAS Posts, U.S. Department of Commerce, Export/Import Bank and the Overseas Private Investment Corporation (OPIC). The Peruvian government will assist with recruitment and coordination of in-country activities.

**Description of Activities:**

The American companies participating in the mission will range in size from small, family agribusinesses specializing in farm equipment manufacturing to international agriculture input producers. OCBD will collaborate with OCRA, the Ag Counselor in Peru, the United States Trade Representative (USTR) and USDA's Office of Natural Resources and Environment during the planning and implementation stages of this mission. Mission specifics are:

The Mission will spend approximately two days in Lima and 3 days in another Peruvian region meeting agribusiness representatives.

- The Mission will be composed of approximately 20 American companies. Two FAS staff members will accompany the USDA/Washington head of delegation. FAS Lima staff will also participate in and support the Mission.
- OCBD, in close collaboration with the FAS Post in Lima, OCRA, USTR and the Department of Commerce, will recruit American and Peruvian companies, as well as arrange group and individual meetings, briefings and presentations.
- OCBD will provide overall management, supervise in-country travel and lead all follow-up activities.
- American companies will meet one-on-one with potential partners and clients throughout the mission.

Participants will receive in-country briefings on the region's investment and trade environment from U.S. Embassy staff, Peruvian national and regional authorities and local company representatives.

Ground transportation and hotel costs for Peruvian agribusiness representatives traveling on this mission will be paid by EMP funds. All participants in the mission will be responsible for purchasing their own round trip air travel to and from and/or within Peru, and for hotel costs.

**Performance Measures:**

Results can be quantified over the long term – increased trade, joint ventures and/or investments between the United States and Peru.

### **Time Line for Activities:**

March 2009

### **Rationale for Project:**

This trade and investment mission will 1) introduce American companies to Peruvian agribusinesses; 2) increase awareness of U.S. products and business practices in Peru; and 3) support TPA implementation by encouraging Peru to adopt more open economies and free markets.

Over the past several years, OCBD has implemented successful EMP and State Department funded trade and investment missions to the Baltics, Bulgaria, the Dominican Republic, East Africa, Georgia, Kazakhstan, Madagascar, Romania, Russia, Southern Africa and Serbia and Montenegro. Through OCBD's attention to detail, logistical support and follow-up it has developed working relationships with small, medium and large U.S. companies. OCBD would like to transfer the success and momentum of the previous missions to Peru.

### **Statistical data:**

- US agricultural exports to Peru in 2007 more than doubled to \$437.6 million. This level is higher than at any point in the last 15 years.
- Cereals (wheat and corn) were most responsible for this growth, as exports grew from \$80 million to \$262 million. While higher prices amplified the trend, volumes also increased by 80%.
- US meat exports grew by 56% to \$3.4 million. This level represents 4 year highs for beef, 5 year highs for poultry, and 6 year highs.
- US export growth in other major commodities include: cotton up 100% to \$85 million; agricultural seeds up 80% to \$12.8 million; snack foods up 35% to \$12.1 million; dairy products up 18% to \$11.7 million; peas and lentils up 43% to \$10 million; and processed fruits and vegetables up 40% to \$3.1 million.
- In 2007, Peru surpassed Chile and Brazil to become the 3<sup>rd</sup> largest US agricultural export market in South America (after Colombia and Venezuela).

### **Demonstration of Benefits for U.S. Agriculture:**

Benefits to the U.S. as a result of the project are easily tracked and include an increase in U.S. exports, joint ventures and investments. Another benefit, which is perhaps more difficult to measure, but still very important, is an increase in the awareness of U.S. products and business practices in Peru.

### **Justification for Federal Funding:**

OCBD works to promote joint ventures, support bilateral trade and boost investment in Peru's rich agricultural sector. The support OCBD offers the Mission by recruiting Peruvian companies, holding briefings, providing logistical support and focusing on follow-up increases the participants' likelihood of successfully entering the targeted markets. The Mission will promote U.S. investment and open additional market and trade opportunities as outlined in the bilateral agreement.

**Similar Activities Funded by USDA in Target Market:**

We are not aware of FMD, MAP, or FAS Post programs that provide such a comprehensive, multi-commodity agricultural trade and investment mission such as this.

**Budget:**

<b>U.S.-Peru Agribusiness Trade and Investment Mission</b>	
Travel (Foreign - 4 people)	\$12,400
Per Diem (U.S.)	11,600
Meeting Venues	17,000
Translation & Equipment	10,000
Receptions	5,000
Ground Transportation	5,000
Control Room & Equipment	10,000
Consultant Fees	20,000
Misc.	6,000
<b>SUB-TOTAL:</b>	<b>\$97,000</b>
OCBD Salaries	22,204
<b>TOTAL:</b>	<b>\$119,204</b>